

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

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E.O. 11652: N/A

TAGS: BEXP, NI

SUBJECT: MAJOR PROJECTS: GAS GATHERING SYSTEM

REF: A) LAGOS 5410; B) STATE 134183; C) STATE 134181;

D) LAGOS 5267 E) LAGOS 4269

1. SUMMARY. GAS GATHERING OPPORTUNITY HAS ELICITED ENTHUSIASTIC RESPONSE FROM SEVERAL COMPANIES. ASIDE FROM COMBUSTION ENGINEERING (CE) AND GAS DEVELOPMENT CORPORATION, PROCON, WILLIAMS BROS., AND FLUOR INTEND PURSUE BUSINESS. HAS BEEN DIFFICULT SET UP MEETINGS WITH IBE AND AKPE; HOWEVER, MEPD DID TALK WITH DR. IBE AND INFORMED INTERESTED FIRMS OF HIS SCHEDULE AND WAY TO CONTACT HIM. CE AND POSSIBLY OTHERS ATTENDED U.S.-NIGERIAN CHAMBER OF COMMERCE MEETING IN NEW YORK.

2. MEPD SPOKE WITH DR. IBE SHORTLY AFTER HE ARRIVED. IBE APPEARED TO WANT TO GET BACK TO NIGERIA ASAP AFTER COURSE AT NORMAN ENDED. HE WAS NOT PARTICULARLY

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ENCOURAGING RE OPENINGS IN HIS SCHEDULE, SINCE COURSE WORKLOAD WAS HEAVY AND WEEKENDS ALREADY BOOKED. HOWEVER, HE HAD DISCUSSION RE THOSE U.S. FIRMS INTERESTED IN THE GAS GATHERING, AND IBE WAS AMENABLE TO PHONE

CONTACTS AND POSSIBLE EVENING MEETINGS. HE ALSO EXPRESSED INTEREST IN CURRENT LNG SITUATION IN U.S.

3. PROCON V.P. JOHN MACKAY INFORMED US THAT COMPANY VERY INTERESTED PURSUING OPPORTUNITY, AND DISCUSSED POSSIBILITY OF PROCON'S PARENT COMPANY UNIVERSAL OIL PRODUCTS (UOP), TAKING OPERATING/MANAGEMENT ROLE. PROCON ALSO NOTED POSSIBILITY OF A CONSORTIUM WITH WILLIAMS BROTHERS, WHICH HAS WORKED WITH PROCON IN PAST ON SIMILAR PROJECTS. (WILLIAMS BROS. SEPARATELY RESPONDED TO OUR NOTIFICATION TO EXPRESS INTEREST IN PROJECT.)

4. MACKAY, WHO KNOWS IBE AND AKPE FROM PRIOR CONTACT, WAS SUCCESSFUL IN ARRANGING MEETING WITH THEM. HE REPORTED THAT PLANS FOR GAS GATHERING WILL INITIALLY INCLUDE TWO SEPARATE SYSTEMS TO SUPPLY THE LNG PLANTS, WHICH WILL BE EXPANDED AND POSSIBLY CONNECTED IN FUTURE

PHASES. MACKAY EMPHASIZED THE ECONOMIC SENSE OF MOVING FORWARD WITH PETROCHEMICAL PRODUCTION AT THE SAME TIME AS THE GAS GATHERING AND LNG PROJECTS, IN ORDER TO UTILIZE THE GAS COMPONENTS WHICH ARE NOT USED IN LNG PLANT. HE STRESSED THE POINT THAT A SEPARATE PETROCHEMICAL FACILITY (SUCH AS MINISTRY OF INDUSTRIES PLANS) WOULD NOT BE WISE, GIVEN AVAILABILITY OF LABOR AND LACK OF TECHNICALLY TRAINED PERSONNEL AS WELL AS MARKETING AND DISTRIBUTION PROBLEMS, ETC. FYI. MACKAY INFORMED US THAT THE NIGERIANS PLAN TO SHORT-LIST SEVERAL DESIGN/ CONSTRUCTORS FOR THE LNG PROJECTS IN THE RELATIVELY NEAR FUTURE, AND THAT PROCON WILL BE ON THE LIST. WOULD APPRECIATE ANY MORE INFO ON THIS THAT EMBASSY CAN DEVELOP WITHOUT REFERENCE TO MACKAY'S DISCUSSIONS WITH IBE/AKPE.

5. IBE AND AKPE SPENT FIRST WEEKEND OF THEIR STAY IN U.S. WITH PHILLIPS. SECOND WEEKEND WAS SPENT WITH SHELL'S ASIATIC PETROLEUM. FYI. ASIATIC REP ACCOMPANIED THEM TO LIMITED OFFICIAL USE
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GEORGIA FOR VISIT TO SOUTHERN GAS, WHICH IS SHELL'S

PRIMARY POTENTIAL LNG BUYER FOR THIS PROJECT.

6. GAS DEVELOPMENT CORP. REP VISITED MEPD AND BROUGHT COPIES OF GDC'S PREVIOUS PROPOSALS TO FMG ON THE LNG AND GAS UTILIZATION. THEY ARE STILL INTERESTED IN NIGERIA AND PRIMARILY WANT TO MAKE THE NIGERIANS AWARE OF TRAINING PROGRAMS. GDC PLANNED TO CONTACT IBE/AKPE THROUGH GDC REP ATTENDING THE SAME COURSE IN NORMAN.

7. COMBUSTION ENGINEERING (CE) UNSUCCESSFULLY TRIED TO MEET IBE/AKPE, BUT COULD NOT MAKE CONTACT. (WE ALSO HAD

GREAT DIFFICULTY REACHING THEM BY PHONE, SINCE ONE
TELEPHONE SERVED ENTIRE DORMITORY.) CE DID, HOWEVER,
ATTEND NIGERIA-US CHAMBER OF COMMERCE LUNCHEON AT OUR
SUGGESTION, AND WERE SUCCESSFUL IN ARRANGING PRIVATE
APPOINTMENT WITH ASIODO.

8. FLUOR AND WILLIAMS BROS. ALSO ATTEMPT CONTACT

IBE/AKPE, AND WE HAVE NOT HEARD WHETHER THEY WERE
SUCCESSFUL. KISSINGER

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